



THE CITY OF SAN DIEGO **MANAGER'S REPORT**

DATE ISSUED: November 22, 2000 REPORT NO. 00-260

ATTENTION: Honorable Mayor and City Council
Docket of November 27, 2000

SUBJECT: Three-Year Funding Policy Statement

REFERENCE: City Council Rules Committee Report No. P-00-077, Agenda of
April 17, 2000; 2000 MSCP Annual Public Workshop Summary Report
(attached; previously distributed to the Mayor and Council under separate
cover)

SUMMARY

Issue - Should the City Council adopt a three-year funding policy statement for the MSCP?

Manager's Recommendation - Approve the three-year funding policy statement.

Other Recommendations - None.

Environmental Impact - This action does not require environmental review.

Fiscal Impact - This establishes policy direction for funding of MSCP fiscal years 2002, 2003 and 2004; subject to Council approval.

BACKGROUND

In July 1997, the City Council authorized the City Manager to execute the MSCP Implementing Agreement with the U.S. Fish and Wildlife Service and the California Department of Fish and Game, collectively referred to as the wildlife agencies. Through the Implementing Agreement the wildlife agencies have delegated their authority to allow the "take" of endangered species under the state and federal endangered species acts. This delegation benefits the City's capital improvement projects and private development by streamlining the permit process. The MSCP provides the Mayor and Council with the jurisdiction to make decisions on project design and open space conservation issues in one hearing at the local level.

Section 11.2.C of the MSCP Implementing Agreement requires the City, in cooperation with other participating local jurisdictions, to establish a long-term regional funding source within three years (July 2000) of the effective date of the City's Implementing Agreement. The agreement recognizes that achieving this goal may be compromised if other jurisdictions fail to obtain approval of a Subarea Plan. To date only three of the 12 jurisdictions in the MSCP planning area has approved Subarea Plans (San Diego, Poway and the County of San Diego). The Implementing Agreement also requires that if a regional funding source has not been established by July 2000, ". . . the City shall establish and implement a funding source adequate to meet its share of MSCP and Subarea Plan implementation costs while continuing to pursue, with other Participating Local Jurisdiction, establishment of a regional funding source."

DISCUSSION

The three primary components of MSCP implementation are preserve assembly (acquisition), management and monitoring. The MSCP Regional Plan (Section 7) identified, in 1996 dollars, the total estimated cost to local jurisdictions to implement the MSCP to range between \$339 million and \$411 million.

Acquisitions - With the approval of Proposition 12 in March 2000, substantial new state funding for habitat acquisition is available through competitive grants. Included in Proposition 12 is a \$100 million earmark for habitat acquisition in jurisdictions with approved Natural Communities Conservation Plans (NCCP). The MSCP is one of two such plans within the state. Local matching funds are considered in the review of Prop.12 grant applications. On April 17, 2000, the Rules Committee directed the Manager to seek state and federal funding to complete acquisition of 4,181 acres of land within the Multi-habitat Planning Area (MHPA). These lands are currently estimated to have a fair market value of \$85 million.

Nearly \$15 million in new local matching funds have been identified for MSCP land acquisition projects. These funds are projected to be available over the next three fiscal years (FY 02-04). Consistent with the "Smart and Healthy San Diego Plan" adopted in March 1999, the Manager estimates that Tobacco Funds, along with public and private project mitigation, one-time property sales, exactions of extraordinary benefit and non Prop 12 grants could generate \$14.77 million as follows:

Table A

<u>Source</u>	<u>Est. Amount</u>
Tobacco Funds	\$ 1,948,300
Mitigation Funds	\$ 6,422,000
Property Sales	\$ 3,000,000
Grants (non-Prop 12)	\$ 750,000
Exactions	<u>\$ 2,650,000</u>
Total	\$ 14,770,300

Management & Monitoring - The City is responsible for the management and monitoring of City-owned conserved lands. At build-out the 52,000 acre preserve is estimated (1996 dollars) to generate new annual costs of \$1.275 million for management and monitoring. Continued funding by the General Fund and the Environmental Growth Fund is proposed for the pre-MSCP costs of open space maintenance, i.e., the "base budget" maintenance costs. This is consistent with the approved "Smart and Healthy San Diego Plan" and the current fiscal year budget. The cost increases attributable to the MSCP are proposed to be funded by the Tobacco Funds (\$2,668,179 over three years, FY 2002-2004).

Three Year Funding Strategy - As depicted below, the combination of Tobacco Funds, the General Fund and various other sources described above could provide more than \$8 million per year for the next three fiscal years:

Table B

<u>Activity</u>	<u>Avg. Annual Allocation</u>	<u>Total Allocation</u>	<u>Source</u>
Acquisitions	\$ 4,923,433	\$14,770,300	See Table "A"
Management	\$ 537,259 \$ 2,581,659	\$ 1,611,778 \$ 7,744,977	Tobacco Funds General Fund & Environmental Growth Fund*
Monitoring	\$ 352,134	\$ 1,056,401	Tobacco Funds**
Total	\$ 8,394,485	\$25,183,455	

*This is consistent with a straight line projection of the Park and Recreation Department's base budget for Open Space maintenance.

**This is consistent with the "Smart and Healthy San Diego Plan" approved by the Council in March 1999.

At the request of the California Department of Fish and Game and the U.S. Fish and Wildlife Service, Assistant City Manager George Loveland, presented the proposed three-year funding plan to their senior management on October 11, 2000.

ALTERNATIVE

Do not adopt a three-year funding policy statement.

Respectfully submitted,

Tina P. Christiansen, AIA
Planning and Development Review Director

Approved: George I. Loveland
Assistant City Manager

CHRISTIANSEN:TTS

Attachment: 2000 MSCP Annual Workshop Summary Report